

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Joint Resolution 1 be amended to read as follows:

- 1 Page 1, line 1, delete "amendment" and insert "amendments".
- 2 Page 1, line 2, strike "is" and insert "are".
- 3 Page 1, line 3, strike "is" and insert "are".
- 4 Page 2, after line 40, begin a new paragraph and insert:
- 5 "SECTION 3. ARTICLE 10 OF THE CONSTITUTION OF THE
- 6 STATE OF INDIANA IS AMENDED BY ADDING A **NEW**
- 7 SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:
- 8 **Section 9. (a) The following definitions apply throughout this**
- 9 **section:**
- 10 (1) "Budget period" means a biennium beginning July 1 of an
- 11 odd-numbered year.
- 12 (2) "Controlled state fund" refers to the following:
- 13 (A) The state general fund.
- 14 (B) The counter-cyclical revenue and economic
- 15 stabilization fund.
- 16 (C) Another fund made subject to this section by law
- 17 enacted by the General Assembly.
- 18 (3) "Digest" refers to the description of the contents of a bill
- 19 or a conference committee report that is located on:
- 20 (A) the cover page of a bill; or
- 21 (B) the first page of a conference committee report.
- 22 (4) "Expenditure" refers to an expenditure from a controlled
- 23 state fund in a state fiscal year. The term does not include the
- 24 following:

- 1 (A) A payment of a tax refund or refundable tax credit
- 2 related to a state tax liability.
- 3 (B) A transfer between controlled state funds or accounts
- 4 within a controlled state fund.
- 5 (C) The costs of judgments and settlements.
- 6 (D) A distribution of revenue from any of the following
- 7 excise taxes to a political or municipal corporation:
- 8 (i) Financial institutions excise tax.
- 9 (ii) Motor vehicle excise taxes.
- 10 (iii) Commercial vehicle excise taxes.
- 11 (iv) Boat excise tax.
- 12 (v) Aircraft excise tax.
- 13 (E) A distribution of state alcoholic beverage tax revenues
- 14 that is payable to a city or town.
- 15 (F) The costs of making motor vehicle excise tax
- 16 replacement payments.
- 17 (G) A distribution or an allocation of state tax revenues to
- 18 a tax increment financing area.
- 19 (H) The costs of providing supplemental distributions of
- 20 wagering taxes to replace riverboat admissions taxes.
- 21 (I) A transfer from the state general fund to the build
- 22 Indiana fund.
- 23 (J) A distribution of state tax revenues collected under any
- 24 other statute that is:
- 25 (i) deposited in a controlled state fund; and
- 26 (ii) payable to a county, city, town, or township.
- 27 (5) "IPI growth quotient" refers to the Indiana personal
- 28 income growth quotient determined under this section.
- 29 (6) "State fiscal year" means a twelve (12) month period
- 30 beginning July 1 in one (1) calendar year and ending June 30
- 31 in the immediately following calendar year.
- 32 (7) "State spending cap" for a state fiscal year refers to the
- 33 limit on expenditures determined under this section.
- 34 (b) The IPI growth quotient for a specified state fiscal year is
- 35 the amount determined under STEP THREE of the following
- 36 formula:
- 37 STEP ONE: For each of the six (6) calendar years
- 38 immediately preceding the specified state fiscal year, divide:
- 39 (A) the Indiana personal income for the calendar year; by
- 40 (B) the Indiana personal income for the immediately
- 41 preceding calendar year.
- 42 STEP TWO: Add the quotients determined under STEP ONE.
- 43 STEP THREE: Divide:
- 44 (A) the STEP TWO result; by
- 45 (B) six (6).
- 46 Not later than January 31 of each odd-numbered year, the budget
- 47 agency shall determine the IPI growth quotient for the state fiscal

year beginning July 1 of the odd-numbered year. The budget agency shall publish the IPI growth quotient determined under subsection (b) for a particular budget period in the Indiana Register or its successor publication not later than February 15 of each odd-numbered year. In addition, the budget agency shall publish historic IPI growth quotient data in the Indiana Register or its successor publication not later than July 1 of each odd-numbered year.

(c) The maximum total expenditure allowed from controlled state funds for a budget period is the sum of the maximum total expenditures allowed from controlled state funds for each state fiscal year of the budget period. The maximum total expenditure allowed from controlled state funds for the first state fiscal year beginning in the first budget period after this section takes effect is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the actual total expenditure from controlled state funds for the state fiscal year that precedes by two (2) years the first state fiscal year that begins after this section takes effect.

STEP TWO: Add or subtract from the STEP ONE result any amount necessary to account for subsequent changes made by law in spending responsibilities from controlled state funds.

STEP THREE: Determine the IPI growth quotient for the state fiscal year beginning immediately after the year described in STEP ONE.

STEP FOUR: Multiply:

(A) the STEP TWO result; by

(B) the STEP THREE result.

STEP FIVE: Determine the IPI growth quotient for the first state fiscal year beginning after this section takes effect.

STEP SIX: Multiply:

(A) the STEP FOUR result; by

(B) the STEP FIVE result.

(d) This subsection applies to a state fiscal year that begins in an odd-numbered year after the first state fiscal year to which subsection (c) applies. The maximum total expenditure allowed from controlled state funds for the first state fiscal year of a budget period beginning July 1 of an odd-numbered year is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the maximum total expenditure allowed from controlled state funds for the state fiscal year beginning July 1 of the immediately preceding even-numbered year, as calculated under subsection (e).

STEP TWO: Determine the IPI growth quotient for the first state fiscal year of the budget period.

STEP THREE: Multiply:

1 (A) the STEP ONE result; by

2 (B) the STEP TWO result.

3 (e) This subsection applies to a state fiscal year that begins in an  
4 even-numbered year after the first state fiscal year to which  
5 subsection (c) applies. The maximum total expenditure allowed  
6 from controlled state funds for the second state fiscal year of a  
7 budget period beginning July 1 of an even-numbered year is the  
8 amount determined under STEP THREE of the following formula:

9 STEP ONE: Determine the maximum total expenditure  
10 allowed from controlled state funds for the first state fiscal  
11 year of the budget period, as calculated under subsection (c)  
12 or (d).

13 STEP TWO: Determine an estimated IPI growth quotient for  
14 the second state fiscal year of the budget period, based on an  
15 estimate by the budget agency of Indiana personal income for  
16 the calendar year that includes July 1 of the first state fiscal  
17 year of the budget period.

18 STEP THREE: Multiply:

19 (A) the STEP ONE result; by

20 (B) the STEP TWO result.

21 (f) The budget agency shall publish:

22 (1) the maximum total expenditure amounts determined  
23 under this section; and

24 (2) the IPI growth quotients for each state fiscal year;

25 for the budget period beginning July 1 of an odd-numbered year  
26 in the Indiana Register or its successor publication not later than  
27 February 15 of the odd-numbered year. Except for revisions to  
28 correct calculation errors, the maximum total expenditure  
29 amounts published under this subsection remain in effect for the  
30 duration of the corresponding budget period.

31 (g) Except as provided in subsections (h), (i), and (l), the state  
32 spending cap for a state fiscal year equals the amount of the  
33 maximum total expenditure determined under subsection (c), (d),  
34 or (e), as applicable. The General Assembly shall not appropriate,  
35 and the budget director may not allot, a total sum of expenditures  
36 in a state fiscal year that exceeds the state spending cap.

37 (h) An increase in the state spending cap, other than by an  
38 application of the IPI growth quotient, may occur only if at least  
39 one (1) of the following occurs:

40 (1) A spending responsibility has shifted from another level of  
41 government to a controlled state fund.

42 (2) A spending responsibility has shifted from a fund not  
43 limited by this section to a fund limited by this section.

44 (3) There has been:

45 (A) an expansion of:

46 (i) state services; and

47 (ii) state spending; and

1           **(B) a tax increase enacted to finance the additional state**  
 2           **services and spending.**

3           **An increase in the state spending cap for spending described in this**  
 4           **section requires the approval of a two-thirds (2/3) majority of the**  
 5           **House of Representatives and a two-thirds (2/3) majority of the**  
 6           **Senate.**

7           **(i) The General Assembly, in a regular session, may authorize**  
 8           **an emergency appropriation by enacting a supplemental**  
 9           **appropriations act and a joint resolution that contains all the**  
 10           **statements described in subsection (j). A supplemental**  
 11           **appropriations act must be approved by a two-thirds (2/3)**  
 12           **majority of the House of Representatives and a two-thirds (2/3)**  
 13           **majority of the Senate.**

14           **(j) A joint resolution described in subsection (i) must contain the**  
 15           **following:**

16               **(1) A statement that all spending authorized in the act exceeds**  
 17               **the limit of the state spending cap.**

18               **(2) A description of the amount of emergency expenditures**  
 19               **and an explanation of the specific circumstances that created**  
 20               **the need for a supplemental appropriation.**

21           **(k) Except as allowed in an emergency appropriation under**  
 22           **subsection (i), all appropriations for expenditures for a state fiscal**  
 23           **year, including continuing appropriations, are void if the total**  
 24           **amount appropriated for expenditures exceeds the amount allowed**  
 25           **by the state spending cap for the state fiscal year under this section.**  
 26           **If the appropriations for a state fiscal year are voided under this**  
 27           **section, the General Assembly in a regular or special session may**  
 28           **reappropriate an amount that does not exceed the amount allowed**  
 29           **by the state spending cap. The budget agency shall allot money for**  
 30           **an appropriation, including an appropriation that is not made in**  
 31           **a specific amount, to provide that the total allotment for**  
 32           **expenditures from controlled state funds in a state fiscal year does**  
 33           **not exceed the state spending cap. If the budget director discovers**  
 34           **that the projected expenditures for the remainder of a state fiscal**  
 35           **year will probably exceed the state spending cap, the budget**  
 36           **director shall, with the approval of the governor and after notice**  
 37           **to the state agency or agencies concerned, reduce the amount or**  
 38           **amounts allotted or to be allotted to prevent a total allotment that**  
 39           **exceeds the state spending cap.**

40           **(l) Subject to this section, reductions in the state spending cap**  
 41           **are mandatory in each year when spending responsibility is:**

42               **(1) shifted from a controlled state fund or to another level of**  
 43               **government; or**

44               **(2) transferred from a controlled state fund to a fund that is**  
 45               **not limited by this section.**

46           **The state spending cap must be decreased by the amount of the**  
 47           **shift or transfer.**

1       (m) The amount of a state spending cap reduction under  
2 subsection (1) shall be determined by the budget agency upon the  
3 recommendation of the budget committee by a simple majority  
4 vote.

5       (n) If the budget agency determines that:

6           (1) the amount of a state spending cap reduction required  
7           under subsection (1) is less than one-tenth of one percent  
8           (0.1%); or

9           (2) there is a need to waive the mandatory downward  
10          adjustment;

11       the state spending cap reduction must receive a unanimous  
12 recommendation from the budget committee to take effect.

13       (o) The digest of a budget bill or a conference committee report  
14 on a budget bill must contain the following information:

15           (1) The total amount of appropriations from controlled state  
16           funds.

17           (2) The total amount of appropriations for expenditures  
18           subject to this section from controlled state funds.

19           (3) The expenditure limit for controlled state funds  
20           established under this section."

(Reference is to HJR 1 as printed January 25, 2008.)

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Representative Bosma